



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 5a-2

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Memorandum

TO: Legislation Committee

DATE: April 1, 2011

FR: Executive Director

W. I. 1131

RE: AB 1215 (Blumenfield) — Electronic Vehicle Registration

Background

Since 2001, the Department of Motor Vehicles (DMV) has administered an optional Business Partner Automation Program, which allows vehicle dealerships to offer consumers the option of having their vehicle registration processed electronically for a \$29 charge. However, only about half of all new car dealers currently participate in the program. AB 1215 (Blumenfield) would make this program mandatory, significantly speeding up the process of getting license plates on new vehicles. Because it incorporates electronic vehicle registration (EVR) into all new vehicle registrations, the bill raises the document processing charge from \$55 to \$75, and allows the dealer to additionally pass on to customers the actual cost they are charged by the DMV-approved vendors who provide the secure communication link between the dealership and the DMV. The bill also makes a large number of other technical changes, resulting in a 54-page piece of legislation.

MTC's interest in this legislation comes from the fact that EVR appears to be a promising option for speeding up the process of getting license plates on new vehicles, thereby reducing toll evasion from vehicles without plates. In FY 2009-10, the Bay Area Toll Authority (BATA) lost about \$19 million due to the inability to collect tolls and violations from vehicles with so-called "dealer plates."

Recommendation: Support and Seek Amendments

Discussion

By comparison to other states, California is very much behind the curve in terms of ensuring that newly purchased vehicles are very quickly identifiable. A number of states use a two-stage system whereby the vehicle dealership installs a temporary paper-plate at the point of sale, which is then replaced by a permanent license plate several weeks or months later. While a paper plate system would provide an immediate identifier that could be read by cameras and used to enforce toll evasion, the California Highway Patrol (CHP) has significant concerns about the potential for fraud that could result from such a program. Additionally, the development and ongoing operation of such a system would result in additional state costs. In other words, it is a nonstarter in Sacramento this year.

By making EVR mandatory for all vehicle dealerships in California, AB 1215 will significantly speed up the process of providing license plates to new vehicle owners. However, because the bill does not require that the license plates be installed at the point of sale, it does not adequately address the behavioral side of the equation — namely, that the vehicle owner may still *choose* not to put the plates on the vehicle. To address this side of the equation, staff is recommending that we seek several amendments to the bill that would serve to encourage vehicle owners to install their license plates upon receipt.

The key amendments MTC staff proposes to AB 1215 are:

- ***Stronger Penalties:*** Under current law, driving without a license plate is a correctable violation that can cost as little as \$20-\$30. In order to provide a greater inducement for vehicle owners to put on their license plates as soon as they receive them, staff recommends the penalty be raised to a minimum of \$100.
- ***Better Identification of Expiration of Temporary Registration:*** Under current law, the temporary registration form, containing the vehicle identification number, that is provided to a new vehicle owner is folded up and placed in a plastic sleeve on the corner of the windshield. While a law enforcement officer may examine this document to verify its information, it provides no easy indication from a distance regarding when the temporary registration expires. Some type of easy identifier is needed to help law enforcement determine when the allowable time period for driving without a license plate has lapsed.

MTC is leading the effort among other toll agencies in California — including the Golden Gate Bridge, Highway and Transit District, the Southbay Expressway, and the Transportation Corridor Agencies — to ensure that AB 1215 adequately addresses our core concerns. As currently drafted, AB 1215 only partially addresses the problem that new vehicles in California may be driven for many months or even years after license plates have been mailed to the registered owner, at a significant cost to toll agencies statewide.

Staff is in ongoing conversation with the author and there is a possibility that these amendments will have been agreed to by the time of your meeting. We will report our progress on April 8th.

Known Positions

Support

California New Car Dealers Association

Oppose

None on file



Steve Heminger